

# Select Committee on Pension Policy

P.O. Box 40914  
Olympia, WA 98504-0914  
actuary.state@leg.wa.gov

## SPECIAL MEETING

January 10, 2006

9:00 AM - 10:00 AM  
House Hearing Room A  
Olympia, Washington

## AGENDA

9:00 AM      (1)    **Approval of Minutes**

### Public Hearing/Possible Executive Session

9:05 AM      (2)    **Alternative Gain-sharing Proposal**, Robert Wm. Baker,  
Senior Research Analyst

9:40 AM      (3)    **Public Testimony**

9:50 AM      (4)    **Other Business**

10:00 AM     (5)    **Adjourn**

**\*Elaine M. Banks**  
*TRS Retirees*

**Representative Barbara Bailey**

**Lois Clement**  
*PERS Retirees*

**Representative Steve Conway**

**Representative Larry Crouse**

**\*Senator Karen Fraser,**  
*Vice Chair*

**\*Representative Bill Fromhold,**  
*Chair*

**\*Leland A. Goeke**  
*TRS and SERS Employers*

**\*Robert Keller**  
*PERS Actives*

**\*Sandra J. Matheson,** Director  
*Department of Retirement Systems*

**Corky Mattingly**  
*PERS Employers*

**Doug Miller**  
*PERS Employers*

**Victor Moore,** Director  
*Office of Financial Management*

**Senator Joyce Mulliken**

**Glenn Olson**  
*PERS Employers*

**Senator Craig Pridemore**

**Diane Rae**  
*TRS Actives*

**J. Pat Thompson**  
*PERS Actives*

**David Westberg**  
*SERS Actives*

**\* Executive Committee**

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JANUARY						
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Select Committee on Pension Policy

## 2006 Meeting Dates

*Full and Executive Committees*  
*Location to be determined*  
8:00am - 5:00 pm - Tuesdays

January 17, 2006  
February 21, 2006  
March 21, 2006  
April 18, 2006  
May 16, 2006  
June 20, 2006  
July 18, 2006  
August 22, 2006  
September 19, 2006  
October 17, 2006  
November 21, 2006  
December 12, 2006

*Reserved Subgroup Dates*  
*Location to be determined*  
2:00 - 4:00 pm - Mondays

April 17, 2006  
May 15, 2006  
June 19, 2006  
July 17, 2006  
August 21, 2006  
September 18, 2006  
October 17, 2006  
November 20, 2006  
December 11, 2006

# Select Committee on Pension Policy

## 2006 SCPP Request Legislation

### Summary

(December 20, 2005)

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1. **\$1,000 Minimum Benefit:** Establishes a \$1,000 minimum benefit in the Plans 1 of PERS and TRS for those with at least 20 years of service and who have been retired at least 25 years; provides a 3 percent escalator for both \$1,000 minimum benefits (the other being the \$1,000 minimum benefit already available to those with 25 years of service and who have been retired 20 years).
2. **Age 66 COLA:** Amends the Uniform COLA eligibility requirements of the PERS and TRS Plans 1 to include all retirees who have been retired one year and will have attained age 66 by December 31 (instead of July 1) of the calendar year in which the increase is given.
3. **Contribution Rate Floors:** Beginning July 1, 2009, establishes minimum employer contribution rates for the Plan 1 UAAL in PERS and TRS, as well as minimum employer and member contribution rates for the Plans 2/3 normal cost in PERS, TRS, and SERS.
4. **Judges Benefit Multiplier:** Allows judges to discontinue participation in the judicial retirement account plan and use their contributions to enhance their benefits in the Plans 1, 2, and 3 of PERS and Plan 1 of TRS.
5. **LEOFF Plan 1:** Repeals the LEOFF 1 benefit cap as of July 1, 2006; reinstates contribution rates July 1, 2007, (6 percent member and 6 percent employer); forms a work group led by DRS working in concert with HCA to select and implement one or more funding vehicles for post-retirement medical benefits.
6. **Optional Membership and Distributions:** Creates the ability to receive a pension and work without restriction after age 70½ in PERS, TRS, and SERS; allows state elected officials to, at the beginning of each term of office, opt to continue active retirement system membership or retire and receive a pension.

7. **Plan 1 Unfunded Liability:** Establishes a three-year phase-in for contribution rates for the Plan 1 Unfunded Actuarial Accrued Liability (Plan 1 UAAL) in PERS and TRS.
8. **Plan 3 Vesting:** Establishes five-year vesting for the Plans 3 of PERS, SERS and TRS.
9. **Post-retirement Employment:** Requires employers utilizing the expanded retire-rehire program in the Plans 1 of PERS and TRS to hire retirees pursuant to a written policy; applies the following to TRS 1 (in order to provide consistency with PERS 1): prohibition of prior agreements, documentation of need, and documentation of the hiring process.
10. **PSERS Eligibility:** Redefines PSERS eligibility in a manner that is based on job duties rather than job titles; adds two new PSERS employers (DNR and DSHS).
11. **Purchasing Additional Service Credit:** Authorizes retirement system members in all plans to purchase up to five years of “air time” at full actuarial cost in order to obtain an additional annuity.
12. **Rule of 90:** Provides unreduced retirement benefits to any vested member of the TRS, SERS, and PERS Plans 2/3 for whom the sum of the number of years of the member’s age and the number of years of the member’s service credit equals ninety or more.
13. **TRS Out-of-State State Service Credit:** Authorizes members of TRS Plans 2 and 3 to purchase up to seven years of membership service credit for education experience in another state or with the federal government.
14. **Washington State Patrol Contribution Rates:** Changes the cost-sharing formula from a fifty-fifty member to employer split (with a 2 percent member minimum) to an allocation formula by which members pay one-third with a 7 percent cap and employers pay the balance; also establishes a minimum total contribution rate for the WSPRS.

# Select Committee on Pension Policy

## 2006 SCPP Request Legislation

(December 16, 2005)

<i>(Cost in Millions)</i>	2006-7 GF-S	2006-7 Local	2006-7 Total ER
<b>Plan 3 Vesting</b>			
PERS	\$0.2	\$0.5	\$1.1
TRS	\$0.9	\$0.5	\$1.4
SERS	\$0.4	\$0.6	\$1.0
Total	\$1.5	\$1.6	\$3.5
<b>TRS Out-of-State Service</b>			
TRS	\$1.4	\$0.8	\$2.2
<b>LEOFF 1</b>			
LEOFF 1	\$0.0	\$0.0	\$0.0
<b>Plan 1 Unfunded Liability</b>			
PERS	\$14.0	\$33.0	\$70.1
TRS	\$34.2	\$18.8	\$53.0
SERS	\$4.5	\$6.8	\$11.3
Total	\$52.7	\$58.6	\$134.4
<b>WSP Contribution Rates</b>			
WSP	\$0.0	\$0.0	\$1.1
<b>PSERS Eligibility*</b>			
PERS	\$0.0	\$0.0	\$0.0
PSERS	\$0.5	\$0.0	\$0.5
Total	\$0.5	\$0.0	\$0.5
<i>* No impact to retirement system; DSHS and DNR impact only</i>			
<b>Optional Membership and Distributions</b>			
PERS	\$0.3	\$0.9	\$1.8
TRS	\$0.0	\$0.0	\$0.0
SERS	\$0.1	\$0.1	\$0.2
Total	\$0.4	\$1.0	\$2.0
<b>Age 66 COLA</b>			
PERS	\$0.4	\$0.9	\$2.0
TRS	\$1.6	\$0.9	\$2.5
SERS	\$0.2	\$0.2	\$0.4
Total	\$2.2	\$2.0	\$4.9
<b>Rule of 90 for Plan 2/3</b>			
PERS	\$7.1	\$19.2	\$40.3
TRS	\$24.3	\$13.4	\$37.7
SERS	\$2.6	\$3.9	\$6.5
Total	\$34.0	\$36.5	\$84.5
<b>\$1,000 Minimum</b>			
PERS	\$0.1	\$0.3	\$0.6
TRS	\$0.3	\$0.1	\$0.4
SERS	\$0.1	\$0.1	\$0.2
Total	\$0.5	\$0.5	\$1.2
<b>Grand Total - All Proposals**</b>			
All Systems	\$93.2	\$101.0	\$234.3

**\*\* All other proposals have no fiscal impact**

(Cost in Millions)	2007-9 GF-S	2007-9 Local	2007-9 Total ER
<b>Plan 3 Vesting</b>			
PERS	\$0.6	\$1.5	\$3.2
TRS	\$2.1	\$1.1	\$3.2
SERS	\$1.1	\$1.7	\$2.8
Total	\$3.8	\$4.3	\$9.2
<b>TRS Out-of-State Service</b>			
TRS	\$3.3	\$1.6	\$4.9
<b>LEOFF 1</b>			
LEOFF 1	\$0.0	\$2.2	\$2.2
<b>Plan 1 Unfunded Liability</b>			
PERS	(\$15.0)	(\$35.3)	(\$75.1)
TRS	(\$38.4)	(\$19.2)	(\$57.6)
SERS	(\$5.6)	(\$8.4)	(\$14.0)
Total	(\$59.0)	(\$62.9)	(\$146.7)
<b>WSP Contribution Rates</b>			
WSP	\$0.2	\$0.0	\$3.7
<b>PSERS Eligibility*</b>			
PERS	\$0.0	\$0.0	\$0.0
PSERS	\$0.8	\$0.0	\$0.8
Total	\$0.8	\$0.0	\$0.8
<i>* No impact to retirement system; DSHS and DNR impact only</i>			
<b>Optional Membership and Distributions</b>			
PERS	\$0.8	\$2.2	\$4.6
TRS	\$0.0	\$0.0	\$0.0
SERS	\$0.2	\$0.4	\$0.6
Total	\$1.0	\$2.6	\$5.2
<b>Age 66 COLA</b>			
PERS	\$1.0	\$2.5	\$5.2
TRS	\$3.5	\$1.8	\$5.3
SERS	\$0.4	\$0.6	\$1.0
Total	\$4.9	\$4.9	\$11.5
<b>Rule of 90 for Plan 2/3</b>			
PERS	\$17.3	\$46.7	\$98.0
TRS	\$52.4	\$26.2	\$78.6
SERS	\$6.0	\$9.0	\$15.0
Total	\$75.7	\$81.9	\$191.6
<b>\$1,000 Minimum</b>			
PERS	\$0.4	\$0.8	\$1.8
TRS	\$0.6	\$0.3	\$0.9
SERS	\$0.2	\$0.2	\$0.4
Total	\$1.2	\$1.3	\$3.1
<b>Grand Total - All Proposals**</b>			
All Systems	\$31.9	\$35.9	\$85.5

\*\* All other proposals have no fiscal impact

(Cost in Millions)	25 Year GF-S	25 Year Local	25 Year Total ER
<b>Plan 3 Vesting</b>			
PERS	\$24.0	\$63.8	\$134.2
TRS	\$70.7	\$35.2	\$105.9
SERS	\$48.9	\$73.7	\$122.6
Total	\$143.6	\$172.7	\$362.7
<b>TRS Out-of-State Service</b>			
TRS	\$88.9	\$44.5	\$133.4
<b>LEOFF 1</b>			
LEOFF 1	\$0.0	\$4.2	\$4.2
<b>Plan 1 Unfunded Liability</b>			
PERS	(\$1.0)	(\$2.3)	(\$5.0)
TRS	(\$4.2)	(\$0.4)	(\$4.6)
SERS	(\$1.1)	(\$1.6)	(\$2.7)
Total	(\$6.3)	(\$4.3)	(\$12.3)
<b>WSP Contribution Rates</b>			
WSP	\$3.3	\$0.0	\$114.7
<b>PSERS Eligibility*</b>			
PERS	(\$2.8)	\$0.0	(\$2.8)
PSERS	\$9.9	\$0.0	\$9.9
Total	\$7.1	\$0.0	\$7.1
* No impact to retirement system; DSHS and DNR impact only			
<b>Optional Membership and Distributions</b>			
PERS	\$13.9	\$35.4	\$74.7
TRS	\$0.0	\$0.0	\$0.0
SERS	\$2.2	\$3.6	\$5.8
Total	\$16.1	\$39.0	\$80.5
<b>Age 66 COLA</b>			
PERS	\$14.7	\$34.2	\$73.2
TRS	\$48.5	\$24.2	\$72.7
SERS	\$5.5	\$8.1	\$13.6
Total	\$68.7	\$66.5	\$159.5
<b>Rule of 90 for Plan 2/3</b>			
PERS	\$267.8	\$719.7	\$1,511.5
TRS	\$924.2	\$464.1	\$1,388.3
SERS	\$90.4	\$135.7	\$226.1
Total	\$1,282.4	\$1,319.5	\$3,125.9
<b>\$1,000 Minimum</b>			
PERS	\$4.9	\$11.3	\$24.3
TRS	\$8.0	\$4.0	\$12.0
SERS	\$1.9	\$2.6	\$4.5
Total	\$14.8	\$17.9	\$40.8
<b>Grand Total - All Proposals**</b>			
All Systems	\$1,618.6	\$1,660.0	\$4,016.5

\*\* All other proposals have no fiscal impact

# Select Committee on Pension Policy

P.O. Box 40914  
Olympia, WA 98504-0914  
actuary.state@leg.wa.gov

## FULL COMMITTEE DRAFT MINUTES - REVISED

December 13, 2005

The Select Committee on Pension Policy met in House Hearing Room A, Olympia, Washington on December 13, 2005.

Committee members attending:

Representative Fromhold, Chair  
Elaine Banks  
Representative Bailey  
Lois Clement  
Representative Conway  
Representative Crouse  
Senator Fraser  
Leland Goeke  
Robert Keller  
Sandra J. Matheson

Corky Mattingly  
Doug Miller  
Victor Moore  
Senator Mulliken  
Glenn Olson  
Senator Pridemore  
Diane Rae  
J. Pat Thompson  
David Westberg

\*Elaine M. Banks  
TRS Retirees  
  
Representative Barbara Bailey  
  
Lois Clement  
PERS Retirees  
  
Representative Steve Conway  
  
Representative Larry Crouse  
  
\*Senator Karen Fraser,  
Vice Chair  
  
\*Representative Bill Fromhold,  
Chair  
  
\*Leland A. Goeke  
TRS and SERS Employers  
  
\*Robert Keller  
PERS Actives  
  
\*Sandra J. Matheson, Director  
Department of Retirement Systems  
  
Corky Mattingly  
PERS Employers

Doug Miller  
PERS Employers

Victor Moore, Director  
Office of Financial Management

Senator Joyce Mulliken

Glenn Olson  
PERS Employers

Senator Craig Pridemore

Diane Rae  
TRS Actives

J. Pat Thompson  
PERS Actives

David Westberg  
SERS Actives

\* Executive Committee

Representative Fromhold, Chair, called the meeting to order at 11:05 AM.

### (1) Approval of Minutes

*It was moved to approve the November 15, 2005 Draft Minutes.*  
Seconded.

**MOTION CARRIED**

### (2) 2006 Meeting Dates

Matt Smith, State Actuary, reviewed the possible 2006 meeting dates.

*It was moved to approve the SSCP meeting dates on the third Tuesday of the month (except for the fourth Tuesday in August and the second week in December). The subgroups will meet the day of the full committee or the day before the regular meeting.*  
Seconded.

**MOTION CARRIED**

### (3) USERRA Compliance - DRS Report

Sandra Matheson, Director, Department of Retirement Systems, reported that federal regulations would be forthcoming shortly.

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**(4) PERS 1 Window**

Laura Harper, Senior Research Analyst - Legal, reported on "PERS 1 Window." Discussion followed.

The following person testified:

*Ken Kanikeberg, Public School Employees of Washington*

*It was moved to broaden the scope and have staff continue working on this issue and prepare a recommendation to be discussed at a future Executive Committee meeting. Seconded. Discussion followed.*

*David Westberg withdrew his second.*

*Representative Conway withdrew his motion.*

**(5) Bargaining for Supplemental Pension - DRS Report**

Sandra Matheson, Director, Department of Retirement Systems, reported on the "Bargaining for Supplemental Pensions." Discussion followed.

The following person testified:

*Mike Ryherd, Teamsters*

*It was moved that SCPP endorsement of the proposal be subject to a tighter bill title and the possible addition of an intent section to clarify the scope of the bill. Seconded.*

**MOTION CARRIED**

**Roll Call Vote**

15 yea, 4 nea

**(6) LEOFF 1 Benefit Cap - Follow-up Staff Report**

Bob Baker, Senior Research Analyst, and Laura Harper, Senior Research Analyst - Legal, reported on "LEOFF 1 Benefit Cap." Discussion followed.

Meeting adjourned at 12:15 to reconvene discussion of the gain-sharing issue in executive committee.

The full committee meeting reconvened at 1:30 PM.

The following people testified:

*Randy Parr*, Washington Education Association  
*Leslie Main*, Washington State School Retirees' Association  
*Dick Warbrouch*, Retired Fire Fighters of Washington  
*Jim Justin*, Association of Washington Cities  
*Kelly Fox*, Washington State Council of Fire Fighters  
*Bill Hanson*, Washington Council of Police and Sheriffs  
*Mark Curtis*, LEOFF 1 Coalition  
*Sophia ByrdMcSherry*, Washington State Association of Counties

**(7) LEOFF 1 Benefit Cap**

Laura Harper, Senior Research Analyst - Legal, reported on the "LEOFF 1 Benefit Cap." Discussion followed.

*It was moved to direct staff to prepare legislation which would repeal the LEOFF 1 benefit cap as of July 1, 2006; reinstate contribution rates July 1, 2007 (6% member and 6% employer); form a work group to work with DRS and HCA to establish one or more funding vehicles for post-retirement medical. Seconded.*

**MOTION CARRIED**

**(8) Judges Benefit Multiplier**

Bob Baker, Senior Research Analyst, reported on "Judges Benefit Multiplier." Discussion followed.

The following people testified:

*Judge Leonard Costello*, Superior Court Judges' Association  
*Judge Michael Trickey*, Superior Court Judges' Association  
*Judge Deborah Fleck*, Superior Court Judges' Association  
*Tom Parker*, Lobbyist

*It was moved that the Judges Benefit Multiplier bill be recommended to the Legislature. Seconded.*

**MOTION CARRIED**

**The Judicial Retirement Account Technical Corrections Bill**

The following person testified:

*Jeff Hall*, Board for Judicial Administration

**(9) PSERS Eligibility**

Bob Baker, Senior Research Analyst, reported on the PSERS bill and Fiscal Note. Discussion followed.

*It was moved to amend the PSERS Bill Draft (Z-0886.3/06 3<sup>rd</sup> draft) to include DSHS as an eligible employer. Seconded.*

**MOTION CARRIED**

*It was moved that the amended Bill Draft be recommended to the Legislature. Seconded.*

**MOTION CARRIED**

The following person testified:

*Matt Zuvich*, teacher - Maple Lane School

**(10) WSP Contribution Rates - Subgroup Proposal**

Laura Harper, Senior Research Analyst - Legal, reported on "Washington State Patrol Contribution Rates."

*It was moved that the Washington State Patrol Contribution Rates Bill Draft (Z-0885.1/06) be recommended to the Legislature. Seconded.*

**MOTION CARRIED**

**(11) Gain-Sharing**

Bob Baker, Senior Research Analyst, reported on the "Gain-Sharing Omnibus Bill Summary."

The Executive Committee's recommendation to the full committee is to recommend a Plan 1 trade-off package and study the Plan 2/3 trade-off package during the 2006 interim. Discussion followed.

The following people testified:

*Dave Scott*, Washington Education Association

*Arden Watson*, Marysville Education Association

*Randy Davis*, Teachers for Retirement Equity

*Cathy Wallentine*, Washington Education Association, retired

Chair Fromhold called for a break at 3:23 P.M.

The meeting convened at 3:40 PM.

*It was moved that \$1,000 Minimum Bill Draft (Z-0959.1/06 2<sup>nd</sup> draft), Age 66 COLA Bill Draft (Z-0942.1/06) and Rule of 90 Bill Draft (Z-0954.1) be recommended to the Legislature. Seconded.*

**Roll Call Vote on the Rule of 90 only**

13 yea, 6 nea

**MOTION CARRIED**

**(12) Plan 1 Unfunded Liability - Subgroup Proposal**

Laura Harper, Senior Research Analyst - Legal, reported on "Rate Floor with Target Funding Ratio" and Matt Smith, State Actuary, reported on the "Bill Summary Plan 1 Unfunded Liability," and Rate Phase-In Proposals. Discussion followed.

*It was moved that the "Plan 1 Unfunded Liability Bill" establishing a three-year phase-in for contribution rates be recommended to the Legislature. Seconded.*

**MOTION CARRIED**

**Contribution Rate Floor**

*It was moved that the committee forward a proposal to the Legislature which establishes minimum employer contribution rates for the Plan 1 UAAL in PERS and TRS as well as minimum employer and member contribution rates for the Plans 2/3 normal cost in PERS, TRS and SERS. Seconded.*

**MOTION CARRIED**

**(13) Post-Retirement Employment**

Laura Harper, Senior Research Analyst - Legal, reported on Post-Retirement Employment. Discussion followed.

*It was moved that the "Post-Retirement Employment" bill draft be recommended to the Legislature. Seconded.*

**MOTION CARRIED**

**(14) JRA Technical Corrections**

*It was moved to endorse the "JRA Technical Corrections" Bill.*

Seconded.

**MOTION CARRIED**

Chair Fromhold thanked staff for their hard work during the interim.  
The meeting adjourned at 4:35 PM.

# Select Committee on Pension Policy

## Alternative Gain-Sharing Proposal

(January 9, 2006)

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### Plan 1 Trade-off

Plan 1 gain-sharing would be repealed and replaced with a .24 cent increase in the Annual Increase Amount used in calculating members' Uniform COLA. On July 1, 2007, the annual increase amount would be \$1.57 instead of the scheduled \$1.33. As a result, an eligible Plan 1 member with 30 years of service would receive an annual increase of \$565.20 instead of \$478.80. Since the .24 cent adjustment is permanent, the subsequent adjustments are greater as well – in 2008 the Annual Increase Amount would be \$1.62 instead of \$1.37; an eligible retiree with 30 years of service would receive an annual increase of \$583.20 on top of the year-earlier amount.

### Plan 3 Trade-off

Under this alternative proposal, Plan 3 gain-sharing and Plan 3 contribution rate annual choice would be repealed and replaced with the following:

- Plan 2/3 choice for new members of TRS and SERS.
- An optional 2 percent Plan 3 defined benefit (DB) accrual with a defined contribution (DC) annuity off-set (prospective). This would be for members of TRS, SERS, and PERS who opted to switch to Plan 3 and for PERS members who chose PERS 3 upon employment. Members must have been continuously employed since joining Plan 3 and must have joined Plan 3 prior to the effective date of this act.
- A one-time and prospective Plan 3 to Plan 2 transfer window for TRS and SERS members who were mandated into Plan 3.

### Technical Sections

- RCW 41.45.061 *Contribution rates for Plan 2 members* clean-up section.
- RCW 41.45.070 *Supplemental rate* section amended so no supplemental rate would result from this act until July 1, 2007.
- RCW 41.45.054 *Contribution rates -- Applicable dates* section decodified.

- Temporary non-contractual rights section.
- Effective date section – July 1, 2007.

### **Two-Percent Defined Benefit with Annuity Off-Set**

Under this proposal, eligible Plan 3 members could choose a prospective 2 percent DB option which would be off-set by an annuity “purchased” by the member’s DC at retirement. This is, in essence, an employer-backed guarantee that the value of the member’s retirement benefit will be at least 2 percent of the member’s average final compensation (AFC) times the member’s years of service – the equivalent of a Plan 2 defined benefit. The off-set from the DC account would be no more than 1 percent. Members would need ten years of prospective service; or five years, including 12 service-credit months after attaining age 54, to be vested in this benefit.

Members eligible to participate in the 2 percent DB with annuity off-set would be required to invest specified minimum amounts in the Washington State Investment Board, Commingled Trust Fund. Members could also invest additional Plan 3 amounts in other higher or lower risk portfolios, at their choosing.

Members would not be required to take their DC retirement benefits in the form of an annuity. All the distribution options available to other Plan 3 members would still be available to members electing this option.

### **Two-Percent DB with Annuity Off-Set Examples**

The following examples of an annuity off-set DB are based on a member who is age 45 on the effective date of the act and who retires at age 65 with an AFC of \$5,000 per month. The member would have 20 years of prospective service and would meet the eligibility provisions qualifying them for a prospective employer-provided benefit equal to 40 percent of AFC or \$2,000/month before off-set. This example assumes that significant down-market experience during the member's service may result in a lower DC balance.

Two-Percent Defined Benefit with Annuity Off-Set Examples		
	High DC Balance	Low DC Balance
Employee DC contribution plus earnings	\$158,400	\$129,600
Balance required for 1% annuity	\$144,000	\$144,000
Monthly annuity from DC	\$1,100	\$900
Employer provided monthly annuity	\$1,000	\$1,100
Total monthly benefit *	\$2,100	\$2,000
Employee DC surplus (deficit) *	\$14,400	(\$14,400)

\* Annuity payout of DC account is not required.